

**Transcript of Statement by Senate Budget Committee Chairman Kent Conrad (D-ND)
at Press Conference Reacting to President Bush's "Stimulus" Plan
January 7, 2003**

I think all of you know the Democrats support a stimulus package. We believe it is important to reduce taxes, to give lift to the economy in this period of weakness. We do not believe the President's proposal meets that fundamental test.

I believe the President is flying under a false flag.

This is not a growth package. We know what a growth package looks like. It's what we put in place in the 90's that led to the longest economic expansion in history, the lowest unemployment in 30 years, the lowest inflation in 30 years, the greatest expansion of business investment in our history. That was a growth package. An opportunity package. A jobs package that worked in the real world.

The President is taking all of the lessons from the 90's and throwing them overboard. The President is adopting here a reckless package, one that stands all of the lessons of the 90's on their head. In the 90's, what worked was fiscal discipline married with targeted investment. That's what worked to get our economy back on track.

What this President is saying is 'Forget fiscal responsibility.' His budgets never add up, not during his time in office, not for the next decade. He is going to take every penny of this money for this package out of the Social Security trust fund. Let me repeat that. Every penny of this proposal comes out of the Social Security trust fund when we are right on the eve of the retirement of the baby boom generation. That is reckless. It is profoundly reckless and it doesn't encourage economic growth for the long-term. It discourages economic growth, because it will put upward pressure on interest rates. So people can then forget about refinancing to get lower payments on their home. They can forget about getting that new vehicle with attractive interest rates. Businesses can forget about expanding with low-cost money, because the cost of money will go up under the President's plan.

This isn't a \$600 billion plan the President has proposed. It is nearly a trillion dollar plan when the associated interest cost is added to it. This has a cost of \$930 billion, and it is not a stimulus plan. A stimulus plan – we all agreed on a bipartisan basis last year, the budgeteers, Republicans and Democrats from the House and the Senate agreed on a set of principles last year. One of them was the vast majority of any stimulus plan ought to take effect in six months. The President stands that on its head. The vast majority of his plan doesn't occur in the next six months, it doesn't occur in the next year. Only a \$100 billion of his \$900 billion ten year cost is stimulating the economy now. That is a profound mistake.

And it's not fair. The centerpiece of his plan would say to average Americans, those earning \$25,000 a year, you get \$27. Those earning over a million dollars a year on this dividend scheme save \$27,000 a year. The President said the other day this is a fair plan. Really, Mr. President? This is fair? It is fair to say the majority of your plan gives \$27 to the person earning

\$25,000 a year and gives \$27,000 to somebody earning a million dollars a year. That is this President's sense of fairness? There is nothing fair in that. It is profoundly unfair.

But, perhaps the most reckless part of this President's plan is that he is taking every dime out of Social Security trust funds – that's where this money is coming from – \$933 billion out of the Social Security trust fund. I think all of us understand that at a time of economic weakness you've got to take special steps, but the vast majority of this cost is not coming at a time the President says the economy is going to be weak. It's coming at a time the President himself is projecting the economy will be relatively strong.

What a perverse thing. This is like a captain of a giant ocean liner sailing in the ocean filled with icebergs. An iceberg labeled Social Security. An iceberg labeled possible war with Iraq. An iceberg labeled al Qaeda threat to the homeland. An iceberg that is labeled whatever threat that you can see America faces. And this captain shows absolutely no common sense. This captain shows no prudence, no care. He shouts: Full speed ahead. Don't worry about the future. Don't worry about Social Security. Don't worry about a potential war with Iraq. Don't worry about the crisis with North Korea. Don't worry. Let's just take the money and give it to the wealthiest among us.

And he isn't even doing it right now at a time you can argue is stimulating the economy. He's taking a fraction of the money to use now to stimulate the economy. The vast majority of it comes over this period when we're going to need it to meet the promise that's already been made to Americans on Social Security.

This is the most reckless policy I have seen pursued by any President in my adult life. This is profoundly reckless.